

LOUISIANA PUBLIC SERVICE COMMISSION

ORDER NO. U-35118

ENTERGY LOUISIANA, LLC
EX PARTE

Docket No. U-35118, In Re: 2018 Test Year Rate Stabilization Plan.

(Decided at the Commission's September 16, 2020 Business and Executive Session.)

This Commission, having reviewed and considered the attached *Unopposed Joint Report of Proceedings and Draft Order* ("Joint Report") submitted by Entergy Louisiana, LLC ("ELL") and Louisiana Public Service Commission ("LPSC" or "Commission") Staff ("Staff"), finds said Joint Report to be acceptable and in accordance with the provisions of ELL's Rate Stabilization Plan.

The Commission exercises jurisdiction in this proceeding pursuant to Article IV, Section 21 of the Louisiana Constitution. La. Const. Art. IV, Sec. 21 provides in pertinent part:

The Commission shall regulate all common carriers and public utilities and have such other regulatory authority as provided by law. It shall adopt and enforce reasonable rules, regulations, and procedures necessary for the discharge of its duties, and perform other duties as provided by law.

This matter was considered at the Commission's September 16, 2020 Business and Executive Session. On motion of Chairman Francis and seconded by Commissioner Skrmetta, the Commission voted unanimously to adopt the Joint Report as filed into the record on September 2, 2020 resolving all issues in Docket No. U-35118.

IT IS THEREFORE ORDERED:

1. That the attached *Unopposed Joint Report of Proceedings and Draft Order* ("Joint Report") submitted by ELL and LPSC Staff is accepted by this Commission and deemed in accordance with the terms and provisions of the ELL Gas Rate Stabilization Plan ("RSP") approved by this Commission in Order No. U-33983 dated December 21, 2016.
2. The result of the TY2018 RSP is an increase in base revenues of \$2,839,476, which pursuant to the terms of the RSP, was implemented on May 1, 2019, subject to the Commission's review in this proceeding.
3. The IIRR-G reviewed as part of the TY2018 RSP Filings conforms with Commission Order No. U-32682-A and there is no excess revenue for TY2018 to be charged against the IIRR-G.

4. This Order resolves all issues in this proceeding.
5. This Order is effective immediately.

BY ORDER OF THE COMMISSION
BATON ROUGE, LOUISIANA
October 7, 2020

/S/ MIKE FRANCIS
DISTRICT IV
CHAIRMAN MIKE FRANCIS

/S/ CRAIG GREENE
DISTRICT II
VICE CHAIRMAN CRAIG GREENE

/S/ FOSTER L. CAMPBELL
DISTRICT V
COMMISSIONER FOSTER L. CAMPBELL

/S/ LAMBERT C. BOISSIERE, III
DISTRICT III
COMMISSIONER LAMBERT C. BOISSIERE, III

/S/ ERIC F. SKRMETTA
DISTRICT I
COMMISSIONER ERIC F. SKRMETTA



BRANDON M. FREY
SECRETARY

**BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION**

DOCKET NO. U-35118

**ENTERGY LOUISIANA, LLC
EX PARTE**

2020 SEP -2 AM 11:34
LA PUBLIC SERVICE
COMMISSION

In re: 2018 Rate Stabilization Plan Filing.

**UNOPPOSED JOINT REPORT OF PROCEEDINGS
AND DRAFT ORDER**

Entergy Louisiana, LLC (“ELL” or the “Company”) and Louisiana Service Public Service Commission (“LPSC” or “Commission”) Staff (“Staff”) respectfully submit this *Unopposed Joint Report of Proceedings and Draft Order* (“Joint Report”) which would resolve all issues in this proceeding addressing ELL’s retail gas distribution operations Rate Stabilization Plan for Test Year 2018. ELL and Staff move this Commission to issue the Draft Order, attached as Exhibit 1, accepting this *Joint Report* as there are no unresolved issues.

Entergy Louisiana, LLC (“ELL” or the “Company”) filed its *Annual Evaluation Report of Entergy Louisiana, LLC for the test year ended September 30, 2018* on January 31, 2019 (“TY2018 Filing”), in compliance with Commission Order No. U-33893. Notice of ELL’s TY2018 Filing was published in the Commission’s Official Bulletin dated February 8, 2019 for a 25-day intervention period. There are no intervenors. Order No. U-33983, issued December 21, 2016, extended the Gas Rate Stabilization Plan (“RSP”) Rider for the test years 2016, 2017, and 2018.¹ The Settlement Term Sheet and the Company’s approved RSP Rider is Exhibit A to Order No. U-33983. United Professionals Company was retained at the Commission’s April 28, 2016 Business and Executive Session through a request for proposals process to assist the Commission with Docket No. U-33983 and subsequent test year reviews for 2016, 2017, and 2018.

¹ Order No. U-35370 dated February 17, 2020 extends the ELL-Gas RSP, with some modifications, for three additional test years: 2019, 2020 and 2021.

Under the terms of the RSP for TY2018, ELL-Gas is allowed to earn a Return on Equity (“ROE”) of 9.95%. If the earned ROE on an adjusted test year basis is below or above the bandwidth of 9.45% to 10.45%, but within 200 basis point of the midpoint of 9.95% (9.95% +/- 2.00%), rates will be adjusted by 50% of the difference between the earned ROE and the end of the bandwidth. If the earned ROE is beyond 200 basis points outside of the bandwidth, rates are increased or decreased by 100% of the difference between the earned ROE and the end of the 200 basis point bandwidth before being adjusted by 50% of the remaining difference to the end of the bandwidth. A low or high earned ROE goes through this waterfall of adjustments, 0%, 50%, and 100%, to determine the amount necessary to increase or decrease rate revenue. The adjustment is always made relative to the upper or lower earnings band, 9.45% or 10.45%.

The TY2018 Filing reports that ELL-Gas earned a ROE of 2.69% based upon the TY2018 adjusted test year results. The ROE deficiency is measured by applying the RSP provisions which allow for: (i) a 100% increase in rates for the difference between the earned ROE of 2.69% and the bottom of the 200 basis point bandwidth of 7.95% and (ii) a 50% increase in rates for the difference between the bottom of the 200 basis point band of 7.95% and the bottom of the RSP bandwidth of 9.45%. Therefore, the as-filed results indicate the need for an increase in base revenues of \$2,839,476² based on a ROE deficiency of 6.01%, or a 9.6% increase in base rate revenues.

In Staff’s review of the Company’s TY2018 Filing, Staff conducted an analysis designed to determine whether Operation and Maintenance Expense (“O&M”), Capital Structure, Other Rate Base expenditures and Plant in Service (“PIS”) contained in TY2018 were in compliance with the principles and procedures in Section II.C. of the Company’s RSP. Staff reviewed the common equity ratio and treatment of non-jurisdictional customer revenue for consistency with the RSP. Staff performed an analysis of the tax issues related to the Company’s TY2018 Filing, namely ELL-Gas’ proposal regarding excess Protected Accumulated Deferred Income Tax (“ADIT”) and other related compliance with the TCJA Order. Staff reviewed the Gas

² The Report on Staff’s Findings Regarding TY2018 RSP Filing filed on August 7, 2020 incorrectly stated that the TY2018 filing indicated a need for an increase in base revenues of \$2,939,476

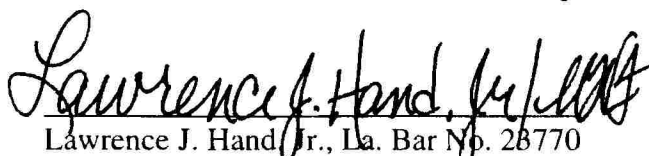
Infrastructure Investment Recovery Rider ("IIRR-G") for compliance with Order U-32682-A and the RSP.

Pursuant to terms of ELL's RSP, it is permitted to implement the rates, subject to the Commission's review in this proceeding, on May 1, 2019. The rate change was implemented pursuant to the terms of the RSP on May 1, 2019.

Staff determined that the as-filed results reflecting the need for a \$2,839,476 increase in revenue are accurate. Staff confirmed the as-filed earned ROE of 2.69%, and pursuant to the terms of the RSP, ELL-Gas is authorized to increase rates. The as-filed rate change increased a typical bill from \$40.92 (inclusive of the Purchased Gas Adjustment ("PGA")) to \$43.23, a \$2.31 increase, or about 5.6%. Staff filed the *Staff Findings Regarding TY2018 RSP Filing* ("Staff Report") on August 7, 2020. Counsel for ELL notified Commission Staff that ELL accepts the Staff Report.

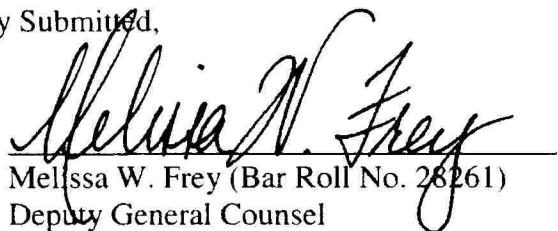
Therefore, ELL and Staff request that the Commission adopt the findings set forth in the Staff Report, that this unopposed *Joint Report* to be accepted as in accordance with the provisions of ELL's RSP authorized by LPSC Order No. U-33983, and that the Commission authorize the issuance of the attached Draft Order resolving all issues in this matter.

Respectfully Submitted,



Lawrence J. Hand, Jr., La. Bar No. 28770
639 Loyola Avenue, Mail Unit L-ENT-26E
New Orleans, Louisiana 70113
Telephone: (504) 576-6523
Facsimile: (504) 576-5579
Email: lhand@entergy.com

**ATTORNEY FOR ENTERGY
LOUISIANA, LLC**



Melissa W. Frey (Bar Roll No. 28261)
Deputy General Counsel
Louisiana Public Service Commission
P.O. Box 91154
Baton Rouge, Louisiana 70821-9154
602 North Fifth Street, Galvez Bldg., 12th Fl.
Baton Rouge, Louisiana 70802
Ph. (225) 342-9888
melissa.watson@la.gov

**ATTORNEY FOR LOUISIANA PUBLIC
SERVICE COMMISSION**

LOUISIANA PUBLIC SERVICE COMMISSION

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This matter was considered at the Commission's [insert date] Business and Executive Session. On motion [insert votes], the Commission voted to adopt the *Joint Report* as filed into the record on September 2, 2020 resolving all issues in Docket No. U-35118.

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1. That the attached *Unopposed Joint Report of Proceedings Draft Order* ("Joint Report") submitted by ELL and LPSC Staff is accepted by this Commission and deemed in accordance with the terms and provisions of the ELL Gas Rate Stabilization Plan ("RSP") approved by this Commission in Order No. U-33983 dated December 21,

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VICE CHAIRMAN CRAIG GREENE**

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COMMISSIONER FOSTER L. CAMPBELL**

**BRANDON M. FREY
SECRETARY**

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COMMISSIONER ERIC F. SKRMETTA**